[Mr. K. Anantanarayana Aiyar.]

DEMANDS FOR SUPPLEMENTARY GRANTS.

Demand II- Taxes on Income.

MR. K. ANANTANARAYANA AIYAR: Sir, I beg to move for a supplementary grant not exceeding Rs. 3,800 for the appointment of three Income-tax Inspectors on Rs. 100-5-125 and 4 peons on Rs. 9-1/6-11, for the travelling allowance and contingencies of this inspecting staff and for the T. A. of an Auditor on Rs. 100-10/2-150.

During the last sitting of the Council, when I moved for a grant not exceeding 19 lakh of rupees on behalf of the Income-tax Department, the allotment was cut off by Rs. 9,636, which sum represented the pay of the Income-tax Inspectors and their peons and contingencies. The allotment was disallowed on the ground that "the necessity for them has not been made out", to quote the words of my friend, Rao Bahadur K A. Krishna Aiyangar. Peishkars, Division Assistants and Tahsildars, along with their other duties, cannot be expected to make the detailed and very often confidential enquiries which the Inspectors should make, if the assessments are to be exhaustive and correct. It is unnecessary for me to go over the whole ground traversed during the last sitting of the Council and detail the duties of the Inspectors. In asking the House to vote for their appointment, Mr. Subba Aiyar, the Law Member, said that it would be too early to discuss the question as to whether they were necessary until we had a complete list of assessees for each town and their average amount of income. I am now in a position to place before you some facts and figures which, I think, ought to convince you of the necessity for the appointment of three Income-tax Inspectors and at least one Government Auditor.

The demand under income-tax for 1097 was Rs. 4,80,154, or, in round figures Rs. 4·80 lakhs. Out of this amount, Rs. 1·14 lakhs comes from rural areas, while the balance Rs. 3·66 lakhs comes from urban areas. The number of assessees in all the towns put together is 1,326, while in the whole of the rural area it is 919. I need hardly tell this House that, in Travancore as in other countries, business and professional activities flourish in urban much more than in rural areas. Nagercoil contains 106 assessees, Trivandrum 345, Quilon 157, Alleppey 318, and Kottayam 108. The amount of tax paid by the assessees in these five towns alone comes to Rs. 2,98, 552. Thus, the bulk of the tax, *viz.*, Rs. 3 lakhs out of Rs. 4·8 lakhs, comes from these five towns. I speak from experience that it is impossible for the Peishkar or the Division Assistant or the Tahsildar to cope with the work of assessment of all these persons and to bring under assessment all the new assessees and those that have escaped assessment altogether, without the aid of the Income-tax Inspectors. Does any member expect our Dewan Peishkars, their Assistants and Tahsildars to go about making detailed enquiries in the bazaars, railway stations, wharfs, jetties and other places, and through diverse agencies, about the particulars of transactions, extent of business, etc., which would throw light on the income of traders and merchants, and to make further confidential

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enquiries? By temperament and training they are not adapted for such work.

The Dewan Peishkars, Division Assistants and Tahsildars are laymen who are not well versed in the system of accounts which the various assessees keep. There is what is called the mercantile accountancy or the book-profits system, there is the cash system, and there are other systems peculiar to merchants. In order to arrive at the taxable income of an assessee, very many factors have to be taken into consideration. The law allows deductions to be made in respect of certain items and exemptions to be granted in respect of certain others. The process of arriving at assessable income, which again is different from the taxable income, is very complicated and requires in very many cases not merely the general knowledge which our collectors are expected to have, but something more. The Dewan said on the last occasion that it was under contemplation to have an Auditor attached to the staff of each Peishkar and Commissioner. For the present we propose to start with only one Auditor whose duties will now be regulated by the Commissioner with reference to the volume of work in each division and in his office, and we also propose to try and work with three Inspectors instead of the seven asked for on the last occasion and the six actually working last year. You will thus see how moderate my demand is and how anxious the Government are to save all avoidable expenditure. For the pay of these Income-tax Inspectors and the pay of the peons to be employed under them and the Auditor as also their travelling allowances and contingencies, I now ask for the small sum of Rs. 3,800. There was some discussion about the Income-tax Inspectors employed elsewhere. I am now in a position to tell you that 4 Inspectors are employed for the Bangalore City and one for the Mysore City. In Madras there are 9 Inspectors, and in Bombay 17.

In this connection I quote a small paragraph from the report of the Royal Commission on Income-tax which sat in England in 1919. In paragraph 625 of their report they say:

"That evasion of income-tax exists at the present time is beyond question. The citizen who is deficient in public spirit has always aimed at paying less than his fair share of the nation's expenses, and it is safe to assume that he will always continue to do so. This may be said of every tax; but it is especially true of the income-tax, because there are many cases where a knowledge of the amount of the tax-payer's profit is confined to himself or shared only by his confidential employees or his professional advisers. Although a tax-payer is obliged by law to make a return of his income, in many cases that return is, in the nature of things, capable of only a partial or imperfect check, and, when this is known or suspected by the tax-payer, he is tempted to speculate on the chance of escaping detection, if the return is inaccurate. He may not always be guilty of fraud; he may be culpably careless, he may decide every doubtful point in his own favour by deliberately refraining from inquiry; he may cultivate a profitable ignorance or a negligence that is not free from guile. His conduct may, in short, occupy any position in the scale, from something less than complete honesty down to absolute fraud. The one common feature in all such cases is that the revenue suffers, which is only another way of saying that the evader contrives to make his fellow-citizens pay something that ought to have come out of his own pocket".

If happily the Inspectors to be appointed are the right sort of men I am sure that a state of things would come about like what was

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[Mr. T. K. Velu Pillai.]

experienced in New Zealand, after appointing Income-tax Inspectors. The Acting Minister of Finance there said :

"It was feared when the system of inspection was first introduced in New Zealand that complaints would be made regarding its inquisitorial nature. Experience, however, proved that the effect was exactly in the opposite direction. The visits of the Income-tax Inspector came to be welcomed, especially by those persons who failed to understand thoroughly the intricate provisions of the law regarding taxation."

I may inform this House that, novel and intricate as the Income-tax Regulation is, the successful results so far obtained in the working of it is, in no small measure, due to the exertions of the Inspectors whom we had last year. Already three months of the year are over. Work has suffered for want of Auditors and Inspectors.

I, therefore, request the Council to vote for this amount for the appointment, for the present, of three Income-tax Inspectors in order that the interests of revenue may be safeguarded and that all reasonable assistance may be given to the tax-paying public. Members will kindly remember that the last year's cost of collection was but 3 per cent. while in Mysore it was a little below 6 per cent. of the total revenue.

MR. T. K. VELU PILLAI: I beg to oppose the motion. Mr. Anantanarayana Aiyar has taken us on a voyage round the world, not in steamers or aeroplanes, for they are too slow-moving, but in a kind of Weaver Malek's flying sentry box. He has placed several figures before this Council. Those figures are very significant and require study; but they are not relevant to the decision of this particular matter now before the House. Three months have hardly elapsed since this Council deliberately dismissed that application for a grant for the pay of the Income-tax Inspectors; and we did so only after hearing the Government point of view with great attention. The world has not changed very much during these three months. The Land Revenue and Income-tax Commissioner, although he has used excellent adjectives regarding himself, about the moderation of his claims and the smallness of the sum demanded by him, has not been successful in carrying conviction to our minds, at any rate to some of us sitting on this side of the House. Sir, we have been receiving the compliments of people outside Travancore for the wisdom, moderation and intelligence that characterise the deliberations of this Council, and, when people outside read the proceedings of this Council, when they find that during the course of three months we are sitting to correct a mistake of this description—something which has not even been proved to be a mistake—I fear we shall become the veritable laughing-stock of the whole world. I am not against all Income-tax Inspectors. I am against the appointment of Income-tax Inspectors this year, because, when we have deliberately gone against the proposal of Government regarding this very appointment, that the question should be re-opened during such a short time does not augur well for the progress of this Council, and, because, if any

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members on the side of Government should venture to come forward with proposals of this nature and humour the Council, and take their stand on modest adjectives regarding their position, we shall not be able to do anything useful or commendable.

Regarding the work of the Peishkars, Mr. Anantanarayana Aiyar has characterised them as very superior officers who "by temperament and training" are not fit to go about to find out the income of a particular person in the several towns of the State. I am sorry to say that this is a wrong view. I do not want a Peishkar to go about and ascertain the income of all persons. But I do want him to pay an occasional visit.

MR. K. ANATANARAYANA AIYAR: That was not what I said

PRESIDENT: If it is different from what Mr. T. K. Velu Pillai said, you must say what you said.

MR. T. K. VELU PILLAI: The Land Revenue and Income-tax Commissioner said "by temperament and training" those officers were not fit for going about. I want that portion to be read.

MR. K. ANANTANARAYANA AIYAR: This is it: "By temperment and training they are not adapted for such work."

MR. T. K. VELU PILLAI: I am really fortified by the learned opinion that Mr. Anantanararana Aiyar, one of the senior officers of the Government, has now placed before the Council. He has reiterated that "by temperament and training" the Dewan Peishkars and other high officers of Government are not fit to do this kind of work. Sir, we have very often represented to Government the necessity of appointing young men with plenty of energy about them, people who are willing to do whatever work the Government entrust them with. Now, because some officers get the posts of Peishkars when they are 50 or 55, when people become Divisional Assistants only when they are 45, when, owing to the several years of bad training they have had, they are accustomed to look upon themselves as deputy providences, it is no wonder that prominent officers should entertain views of this nature But my conception of public duty is entirely different from Mr. Anantanarayana Aiyar's. Whatever may be the position of an officer, whether he gets Rs. 10, Rs. 75, Rs. 200 or Rs. 3,000, every small detail of Government business any good, honest, intlligent and enthusiastic officer must be prepared to do. If a Peishkar, a Division Assistant or a Tahsildar is not willing to do this work, there is a very short course open to Government, and, that is, to ask the officer concerned to go and enjoy the luxurious atmosphere of a quiet home.

PRESIDENT: I do not think Mr. Anantanarayana Aiyar has expressed happily what he means. These officers have not got the time to make those detailed and elaborate enquiries which are necessary for estimating income. I do not think that he really means that these people are not capable and ought not to do that work so far as it lies in their power.

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[Mr. T. K. Velu Pillai.]

MR. T. K. VELU PILLAI: I thank you, Sir, for your interpretation. However, I do not want to pursue that point. I must say that some of the officers, even Dewans, whether old or young, have been taking great trouble for the sake of the country, inspecting fields and examining water-courses. All these they have been doing. It is only some officers that do not want to do it. Since I put the ordinary meaning on what has been said, I had to make the above observations. Now that it has been modified by the pronouncement from the chair, I am prepared to accept that interpretation.

MR. K. ANANTANARAYANA AIYAR: I shall further explain when I give my reply.

MR. T. K. VELU PILLAI: That is enough. It is a very common superstition on the part of some of the higher officers of Government that Tahsildars and their Assistants, and several other revenue officers have got so much work that they are not able to do it well. This is entirely wrong. There was a time when the Peishkars were practically Dewans in their respective Divisions. They had so much work to do, they had all the magisterial work, all the abkari work, and they had a good deal of police work also. Now there has been a division of labour, and the Tahsildar who, till last year, was a revenue officer, a Devaswom officer and a Magistrate, is now solely a revenue officer So that, if only Government knows how to get work out of their subordinates, these Tahsildars who are paid very well and these Peishkars who, even without having to handle criminal cases, are going about on expensive tours for several days in the month, making visits to places where they like, I think that the case regarding the Income-tax Inspectors loses its whole force. Let us see how the present system works for this year. As I said in the beginning, it is only three months since we said that we were not prepared to accede to this proposal. Let us grow wiser when we see what facts will be placed before the Council next year.

Regarding the appointment of an Auditor I do not propose to say anything. It may be necessary, but, as it is tacked on to the other question, I have to oppose the whole proposition. This Council is prepared to take upon itself responsibility to a considerable extent.

MR. V. SUBBA AIYAR: The Auditor's post is a non-votable item.

MR. T. K. VELU PILLAI: I have also learnt the Manual which the Government have been pleased to place in my hands. I shall certainly not touch any non-votable item. I know the law as well as Mr. Subba Aiyar in relation to this particular point.

PRESIDENT: Your time is up.

MR. T. K. VELU PILLAI: As my time is up, I do not expatiate upon this question. I once more urge upon this Council the imperative necessity of disallowing the so-called modest request for this small sum,

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MR. P. K. NARAYANA PILLAI: Sir, before entering on the merits of the discussion of the supplementary grant I should like to raise a technical objection to this motion for the consideration of this Council. As the very term imports, it is a supplementary grant that is now requested by the Commissioner of Income-tax. The provision of the law relating to the request with respect to supplementary grants is contained in Rule 53 of the Legislative Council Rules and is reprinted in the Manual at page 37 and numbered as paragraph 121. That rule is the only rule under which the Commissioner of Income-Tax can now come in. It reads as follows:

"An estimate shall be presented to the Council for a supplementary or additional grant when—

(i) the amount voted in the budget for a grant for which the vote of the Council is necessary is found to be insufficient for the purpose of the current year, or

(ii) a need arises during the current year for expenditure for which the vote of the Council is necessary upon some new service not contemplated in the budget for that year."

Now, I raise the question whether the demand is sustainable under either of these clauses of Rule 53. With respect to the latter clause, it cannot be said that the need has arisen for the first time during the current year. This need certainly arose when the original budget itself was presented to the Council, and it was then made a subject of discussion. There was a division of the House and a final verdict was passed upon the subject, so much so that, in the language of the Civil Procedure Code, the question is now *res judicata*. Now let us go to the former clause. Before it can be called a supplementary grant under clause (1) there must have been already a grant to supplement which a request must be made. Now, with respect to the Income-tax Inspectors, what the Council did was to abolish the whole body and thus the entire request that was made by the Commissioner of Income-tax was disallowed, so much so that there is absolutely nothing to supplement. I am maintaining that in view of Rule 53 of the Legislative Council Rules, this particular motion for a supplementary grant is out of order and cannot be presented to the House at this juncture. On this preliminary objection, I beg to oppose the motion made for this supplementary grant by the Commissioner of Income-tax, and I do not enter into the merits of his request. But I submit that this is sufficient to get rid of his request.

MR. J. JOHN NIDIRY: Sir, as my friend, Mr. P. K. Narayana Pillai, has raised a question of law, the decision of which seems to be necessary before we can enter into the merits of the question of the demand under consideration, I request a ruling from the chair.

PRESIDENT: As the question is put, I do not think that this is a case where a ruling of the chair is called for. Mr. P. K. Narayana Pillai has taken objection to the motion on the strength of his interpretation of the rule quoted by him. The House may discuss and decide that matter.

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[Mr. V. Subba Aiyar.]

MR. J. JOHN NIDIRY: Sir, I fully agree with Mr. P. K. Narayana Pillai in thinking that, under the Legislative Council Rules passed by the Government, this so-called supplementary grant cannot be sanctioned.

MR. V. SUBBA AIYAR: Sir, I fear that my friend, Mr. P. K. Narayana Pillai, is labouring under a misconception, because in the first place Rule 53 is not exhaustive and supplementary grants are not restricted to the cases mentioned in that rule, secondly, the words "need arises" and the word "supplementary" do not bear the interpretation that he wants to put upon them, and thirdly, the fact that it was vetoed in the last session does not prevent the mover from bringing it now; for the provision regarding the general procedure lays down that any motion brought and vetoed in one session should not be brought forward in the *same* session. I refer to Standing Order No. 22. This contemplates that a matter which was vetoed by the Council at one session can be reconsidered at the next session. And I believe the member knows that the session was prorogued last time and we are now at the next session. Therefore, any motion that was negatived in the previous session will be perfectly in order now, and the motion may be treated as one for the restoration of an old demand or for a supplementary grant. "Supplementary" need not be restricted to cases where a grant has been made in the first instance and the amount for the particular item is found insufficient. The word "supplementary" does not bear that restricted interpretation. It is not necessary that the expenditure should have been existing at that time. There is, further, as I have said, the provision that a motion once negatived can be brought again. I believe that Mr. P. K. Narayana Pillai knows that, and that if there is a specific provision that a suit once dismissed may be brought again there can be no question of *res judicata* at all, so that when we read all the rules together I think that the present motion is perfectly in order. Again, as I said, the cases mentioned in Rule 53 are not exhaustive on the point. I believe that the general rule under which the President has power to regulate the conduct of business in all matters not provided for in the Regulation, the Rules or Standing Orders will apply, if necessary, to the present case.

MR. G. PARAMESVARAN PILLAI: Will Mr. Subba Aiyar tell the House which is that general rule?

MR. V. SUBBA AIYAR: Under Standing Order No. 71 the President may exercise the general power vested in him. We need not pursue this discussion any further as the grant that was made at the last session was not for any particular item. A demand was made under the head of income-tax—a particular budget head—and the Council granted it subject to a certain deduction. Now it is found that the amount granted under the head of income-tax is found insufficient. We are not concerned with any particular item under the head of income-tax

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that was granted by the Council at the budget session. The demand under income-tax having been granted and that amount having been found to be insufficient, the present motion is brought by the Commissioner. In that interpretation of the rule, I believe the motion is quite in order. So, in any view of the case, the Commissioner is entitled to bring this motion.

MR. G. PARAMESVARAN PILLAI: Mr. P. K. Narayana Pillai has raised a point which, it appears to me, involves a question as to the competency of this Council to consider the demand for the supplementary grant asked for. So long as the President has not given his ruling as to whether this raises a point of order or not I think we are not at liberty to discuss the question before the ruling is given.

PRESIDENT. Mr. Narayana Pillai did not put forward his question as a point of order. Therefore, I was not called upon to give a ruling.

MR. G. PARAMESVARAN PILLAI: It appears to me that the question is whether the House is competent to consider the question of the supplementary grant asked for and I suppose it raises a point of order.

MR. J. JOHN NIDIRY: I raised that point.

MR. G. PARAMESVARAN PILLAI: Whatever that be, with your permission, Sir, I shall state what I have to say on the matter. I would not have stood up at all but for the interpretation that has now been put upon Rule 53 relating to supplementary grants by the Law Member. I should consider it a very dangerous precedent, if we were to accept the interpretation that he has deemed fit to put upon that rule. Whatever may become of the motion before the House, I should consider it absolutely necessary that we should not pass unchallenged this interpretation put upon Rule 53 by Mr. Subba Aiyar. This rule has been passed by His Highness the Maha Raja under the provisions of the Legislative Council Regulation. This rule provides how a demand for a supplementary or additional grant shall be disposed of. It says:

"(i) An estimate shall be presented to the Council for a supplementary or additional grant when (i) the amount voted in the budget for a grant for which the vote of the Council is necessary is found to be insufficient for the purpose of the current year, or,

(ii) a need arises during the current year for expenditure for which the vote of the Council is necessary upon some new service not contemplated in the budget for that year."

It further says:

"Supplementary or additional estimates shall be dealt with in the same way by the Council, as if they were demands for grants."

There is no other provision whatever either in the Rules or in the Regulation or in the Standing Orders which deals with the procedure relating to supplementary or additional grants. Mr. Anantanarayana Aiyar has put forward his motion only as a supplementary grant. When there is an express provision in the Rules or the Regulation relating to any particular matter, any interpretation which is repugnant to and inconsistent with that provision must be brushed aside

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[The President.]

without any hesitation whatsoever. When I requested Mr. Subba Aiyar to state which particular clause he was referring to to support his plea that Rule 53 is not exhaustive and that supplementary grants are covered by other provisions, he said that it was Standing Order No 71. Standing Order No. 71 says:

"The President shall have power to regulate the conduct of business in the Council in all matters not provided for in the Regulation, the Rules or the Standing Orders."

Now, I ask him whether there is any connection between Standing Order No. 71 and supplementary grants and whether questions relating to procedure regarding supplementary or additional grants have not been expressly and particularly provided for. It is, of course, within the competence of the President to declare that, after all, this is a grant which does come under Rule 53. If, as a matter of fact, the Law Member doubts that this supplementary grant is not covered by Rule 53, this House need not have any hesitation whatever in declining to accept Mr. Subba Aiyar's interpretation. Rule 53 and 53 alone deals with supplementary or additional grants. The Law Member said that there was a general clause.

PRESIDENT: That is not the only one. There is another which says that a motion brought forward and disallowed in one session might be brought forward in another session.

MR. G. PARAMESVARAN PILLAI: That relates to motions generally. That is only a general provision regarding motions. That cannot override the express provision embodied in the rules. The third ground put forward was that an amount had already been sanctioned under income-tax and that some more money was now required for the due administration of that department. But that is not what the Income-tax Commissioner has stated before this House. He wants the additional amount for a specific purpose. He wants the House to approve of the appointment of three Income-tax Inspectors. This particular matter seems to have once engaged the attention of the Council and it was then rejected. I should consider that the objection which was raised by Mr. P. K. Narayana Pillai is valid and should be given effect to by the Council. It appears to me also that this is more a point of order which the President might decide than one which should be left to the individual opinion of each member.

PRESIDENT: If it is the idea that this question should be decided as a point of order, I have no hesitation in saying that the motion is in order. I base this on paragraph 121 (1) (i) of the Manual, which is Rule 53 (1) (i). I think that this falls very clearly within the language of that rule. I emphasise the words "the grant for which the vote of the Council is necessary is not sufficient for the purpose of the current year."

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MR. N. RAMAKRISHNA PILLAI: I have got to clear a difficulty in regard to the interpretation of that rule.

PRESIDENT: I have already given my ruling. It cannot be discussed now and my ruling cannot be questioned. The discussion of the motion on its merits may be now resumed.

THE REV. FATHER KURIAKOSE VETTIKKAPALLI: Sir, one of the chief arguments that was brought forward at the last session of the Council against the creation of Income-tax Inspectors was that the Tahsildars were generally divested of their magisterial and Devaswom duties and that they would find ample time to attend to this work also. Since the last session I do not think that any new work has been assigned to them. They are as free now as they were at that time and in fact we know that even in their legitimate duties in the Land Revenue Department they have been greatly relieved by the Assistant Tahsildars and the Head Accountants. They are sure to find ample time now to attend to the Income-tax Inspector's work and even more. So, I do not think that there is any necessity for granting this demand.

MR. M. R. MADHAVA VARIAR: Sir, I rise to oppose the motion. Mr. Anantanarayana Aiyar has not brought forward any fresh arguments in support of his demands. These arguments were advanced by him in this Council last time when this question was thoroughly discussed. At that time we were told about the evasive character of the assessees and about the difficulties of the inquisitorial work. All these points were considered and this Council decided that the Tahsildars, the Assistant Tahsildars and other revenue officers could do this work efficiently. I do not think that an Inspector is a detective. He generally gathers information about the wealth of a man or his income. The Tahsildar or the Assistant Tahsildar is in a position to do this work satisfactorily and moreover he is one who has got several subordinates under him. With the help of these subordinates he can ascertain the income of every person in the locality. In England and other places this work is sometimes done by local associations and not by Inspectors. These local associations collect information about the income of various persons and that information is submitted to the Income-tax Commissioner. The assessees are then taxed on the basis of their report and we can profitably follow that example. Our Tahsildars and Assistant Tahsildars who are closely associated with the people can similarly ascertain the income of the assessees. I thought their work was very heavy. But, after I got an answer to my question with regard to the work of the Tahsildars and Assistant Tahsildars, I find that they are not saddled with onerous duties. From my own experience, I say that they are now idling away their time and some of them have told me that their work is very light. They can now do this inquisitorial work during their idle moments. Mr. Anantanarayana Aiyar said that the Inspectors were experts. I do not know whether the Inspectors who are going to be appointed are people possessing expert knowledge; I know some people who were appointed last year and they did not know anything about income-tax work.

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[Mr. M. Raja Raja Varma.]

PRESIDENT. Mr. Anantanarayana Aiyar did not say "experts."

MR. M. R. MADHAVA VARIAR: He said something about training and temperament. These people who are going to be appointed as Inspectors are not already trained men. That means that these men have no training in detection and inquisitorial work.

There are not very many big firms in Travancore, and so most of the accounts can be audited by an ordinary accountant. We need not have a highly-paid accountant in the department to audit the accounts of these small firms. If there are big firms, one of the persons in the Account office can very well be deputed to do this work and so I oppose this demand.

MR. M. RAJA RAJA VARMA: Sir, the question now before the House is whether the Income-tax Inspectors are necessary or whether their work can be done by the ordinary revenue staff—the Peishkars, the Tahsildars and the Assistant Tahsildars. Mr. Anantanarayana Aiyar has given us facts and figures to show that it is not possible for the ordinary revenue staff to do the work, at least in the municipal areas where we have got the largest number of persons who have to be assessed under the Income-tax Regulation. It has been said that, because this Council vetoed the grant for the Income-tax Inspectors at the last session, it would be hasty for us, or rather, it would be quite inconsistent on our part, to go back upon that.

MR. T. K. VELU PILLAI: May I ask whether, in municipal towns, it is not possible to get this work done through the Presidents and the Councillors of the Municipality?

MR. M. RAJA RAJA VARMA: That aspect of the question has been considered sufficiently. In the first place, the President of each of these Councils is now complaining that he is overworked. He is not paid for the work that he is now doing. Really, this will be a very important item of work and it will not be possible to get it done by the Councils. That is my view. The argument that this Council vetoed the grant last time and that therefore we should not revive it seems to me rather a curious one. As a matter of fact certain facts and figures have come into our possession since the last session. If we see now that what we did then was wrong, there is no reason why we should not revise our judgment. The question, therefore, is whether there is any agency through which this work could be done. So long as we have to work out the Income-tax Regulation, we must have an agency to do so. The question is whether the ordinary revenue staff or any other existing agency should do it. Mr. Anantanarayana Aiyar has given us the data. It will be seen from them that it is absolutely impossible to get on without at least some small additional staff to help the ordinary revenue agency in the municipal areas and I believe the Council will also agree with me that it is necessary to give that help. If we want the revenue to come in, certainly we must have adequate agency to collect it. Mr. Madhava Variar seems to think that the Tahsildars and

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other revenue officers have no work whatsoever, that they are idling their time and that they could be utilised for income-tax work. I am afraid that this is an exaggerated view. I do not think that any Tahsildar would come forward and tell the Government or the Revenue Commissioner that he has little work. He still complains that he is overworked, in spite of the fact that some portion of his task had already been taken from him and transferred to other departments. Then, again, there is no question of expert training here; it is a question of collection. The officer must dive into details. He should make a detailed study of the pecuniary condition of men before he can know what their income is or would be. It is a matter for detailed study; and for such work certainly an additional agency is necessary.

MR. T. K. VELU PILLAI: I want to ask whether the present Land Revenue and Income-tax Commissioner or any of his assistants in the superior grade had any training in income-tax work before they were appointed to their particular posts.

MR. M. RAJA RAJA VARMA: They had no special training in income-tax work before the Regulation came into force. But afterwards the Commissioner made himself thoroughly acquainted with that work and he took care to train many of his subordinates in the work pertaining to that department.

MR. S. KRISHNA AIYAR: Sir, I wish to offer a few remarks after a ruling on another point of order in respect of this supplementary demand.

PRESIDENT: Are you raising a point of order?

MR. S. KRISHNA AIYAR: In respect of supplementary estimates, there does not appear to be a definite rule as to whether the non-official members of the House are entitled to previous notice. Section 56 says:

"If notice of a motion to omit or reduce any grant has not been given five clear days before the day on which the demand is to be considered, any member may object to the moving of the motion and such objection shall prevail, unless the President in the exercise of his power to suspend the Standing Order allows the motion to be made."

Now, some of us, and I can say that, at least one among us, has had no notice of the demand for supplementary grants.

PRESIDENT: No notice?

MR. S. KRISHNA AIYAR: I believe the Secretary knows that I was due at Trivandrum on the 2nd in connection with the sitting of the Select Committee on the High Court Bill. So, if any papers had been sent elsewhere on the 1st, they have not reached me.

MR. S. PARAMESVARA AIYAR: I know it was despatched from my office in time.

PRESIDENT: If it has not reached you, it is a matter for great regret. I will have to suspend the rule and allow the motion to go forward.

MR. S. KRISHNA AIYAR: I am just getting the cover. (*Laughter.*) The cover has travelled to Kottayam and returned. From the proceedings of the last session of the Council, it will be seen that

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[Rao Bahadur K. A. Krishna Aiyangar.]

I am to serve on the Select Committee appointed to consider the High Court Bill.

PRESIDENT: I have to request all the members to intimate to the Secretary to the Legislative Council any changes in their address so that we may be doubly sure that things reach them at the proper time and place.

MR. S. PARAMESVARA AIYAR: It was not stated in the proceedings that the meeting of this Select Committee would be held on the 2nd; nor has the Secretary any ordinary means of knowing it beforehand.

PRESIDENT: Is that your only objection, Mr. Krishna Aiyar?

MR. S. KRISHNA AIYAR: If that is not sufficient, I shall offer a few remarks.

Sir, the main portion of the work of Income-tax Inspectors is during the first few months of the year. I submitted on the previous occasion that for the last several months of the year they had plenty of time hanging heavy upon them. This year, statements have already been called for, statements have been submitted, and, in many cases, demands have already issued. After issue of demand, the Income-tax Inspectors have little to do. I submit that the Land Revenue Commissioner should have tried loyally to accept, to co-operate and to carry out the behest of this Council, and then, if he found himself unable to carry on the work during the year, he might have applied for a supplementary grant.

The second point I want to say a word about is as regards the expert qualification of the Income-tax Inspectors, which has been discussed by some of the members who spoke before me. I know a very curious instance. On the first occasion an assessee in a certain important town was assessed at an annual profit of Rs. 10,000 and the demand made. Before the demand was attended to, a further notice was sent to him that he had been assessed at an income of Rs. 50,000 and that further payments had to be made. I may tell the House that, before the demand was finally made, that particular firm had failed. This is the sort of estimate made by these Income-tax Inspectors. It may not be the fault of the system but the fault of the persons concerned. I would oppose the motion on these grounds.

RAO BAHADUR K. A. KRISHNA AIYANGAR: Sir, I was one of those who supported Mr. Kochukunju Pillai's motion at the time of the discussion of the budget for omitting the provision for seven Income-tax Inspectors. If I now stand up to support the demand placed before the House, I trust I shall not be charged with inconsistency. After all, I do not regard consistency to be such an important virtue as to justify the sacrifice of other substantial considerations for its sake. Even when some of us opposed the demand on the last occasion, we felt that it might be necessary to provide for Inspectors for the towns

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of Trivandrum, Quilon and Alleppey, while, as regards other centres, we thought that the work might be done by the ordinary revenue agency. Naturally, the question may be raised why we opposed the demand in its entirety on the last occasion. That was the only motion before the House, and it was extremely doubtful whether an amendment for a reduction of the number of Inspectors from 7 to 3 would be accepted by the Chair. The Land Revenue and Income-tax Commissioner said that he was not prepared to reduce the number of Inspectors beyond one. Under the circumstances, we felt that it would be safer to vote in favour of the motion before the House, leaving it to Government to come to the House for a supplementary grant later on if that course was deemed absolutely necessary. From the statement of the Land Revenue and Income-tax Commissioner to which we have just listened, it is clear that a large portion of the anticipated income-tax has to be raised from these three important centres. The multifarious duties of the Tahsildar of Trivandrum, and the very large number of assessees in the trade and industrial centres of Alleppey and Quilon would justify the present demand being agreed to by the House. The decision of the House on a former occasion would not operate as *res judicata*. Income-tax is one of the progressive sources of revenue on which the Government and the country have to depend for meeting the growing requirements of the Development Departments of the State. The House owes a duty to itself to see that the Income-tax Department is not starved for want of hands, ultimately leading to a fall in the income and giving an opportunity to the Income-tax Commissioner to account for the fall by saying: "I asked for the necessary staff. The House did not sanction it. The fall is the direct result of the decision of the House." I, therefore, support the demand.

MR. S. SUBRAHMANYA KARAYALAR: Sir, I am sorry I was not in this Council when this subject was discussed at first. The House will agree with me in saying that the Income-tax Department is a department of business, that it must be dealt with in a businesslike manner and that any money spent in the way of collecting our revenue in a proper manner will not be ill-spent. If, by spending a few hundreds of rupees, we can collect our revenue properly, it cannot be considered a waste. As a business man, I agree with my friend, Mr. Krishna Aiyangar, in saying that we should not grudge to spend a few thousands of rupees and thereby lose a lakh. A penny-wise and pound-foolish policy cannot be tolerated by this House. If it is necessary to appoint several Inspectors to see that our revenues are collected properly, we must support their appointments. We should not say that, because we have once vetoed the proposition, we cannot go back upon that decision. No sentiments should stand in the way of procuring revenue. The House should be businesslike in a matter like the income-tax revenue. Then, again, there is no good in saying that, because the Inspectors will have no work after the first few months, as Mr. Krishna Aiyar put it, there is no need for Income-tax Inspectors. An army will have no work in times of peace. Only in war time will it have work. To say that no army need be maintained during peace time would never be a sound and convincing

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[Mr. T. K. Velu Pillai.]

proposition. Mr. Anantanarayana Aiyar has proved by his arguments that additional officers are necessary for the proper collection of income-tax. I, therefore, vote for the supplementary grant asked for.

MR. A. HOOGEWERF: Sir, I was one of those who voted for the Income-tax Inspector as I thought he was indispensable. The members on this side of the House still persist in maintaining that the Tashildar and his Assistant can very well do this work. Rev. Father Vettikkapalli tells us that these officers are having an easy time of it in his taluk. The official members, on the other hand, are insistent in their demand for having the Inspectors. Mr. Madhava Variar, once a member of the Quilon Municipality, tells us that that municipality may very well be entrusted with this work, and the member seated on my left, who is the President of the Parur Municipality, has just told me that his municipality has all the information necessary for collecting the income-tax there. If that be so, why should we not entrust the municipalities with this work? Any way, this question should be fully gone into, before Income-tax Inspectors are again appointed. The Land Revenue Commissioner said something about the temperament and training of high officers not fitting them to move about among the people and do work of this kind. I had the honor to serve under a Dewan Peishkar who is seated in a corner of this room now—Dewan Bahadur A. Govinda Pillai—when I was Master Attendant at Quilon. He did not consider it *infra dig.* to freely move among the people, sometimes *incognito* in the night, to know their wants, to find out whether they were being harassed by the revenue, police and excise officers and their subordinates. We want high and low officers of this kind. With these few remarks, I resume my seat.

MR. R. KRISHNA PILLAI: Sir, we have budgetted for a revenue of Rs. 4,75,000 this year under income-tax. Unless the necessary facilities are given to the Land Revenue and Income-tax Commissioner, I do not think that there is any chance of our realising the estimated income. The absence of Inspectors has seriously affected the work of the department and the motion for this grant would not have been brought but for the above circumstance.

MR. T. K. VELU PILLAI: What was the collection under the head of income-tax till the end of Tulam 1097 and what is the collection till the end of Tulam 1098?

MR. R. KRISHNA PILLAI: I have not got the figures just now. But, I know that, as a matter of fact, the work is suffering seriously.

PRESIDENT: You want the figures of collection. Mr. Anantanarayana Aiyar will give you the figures.

MR. T. K. VELU PILLAI: I want the figures regarding the collection of income-tax for the first three months after it came into operation.

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MR. R. KRISHNA PILLAI: Income-tax assessment which requires investigation is generally made about the latter half of the year.

MR. T. K. VELU PILLAI: What I want is the collection for the first three months during last year, if the collections were made, and also for the first three months of this year.

MR. K. ANANTANARAYANA AIYAR: Sir, I have got all the figures.

PRESIDENT: You may give them in your reply.

MR. R. KRISHNA PILLAI: The work of the Inspectors is not to assess or collect income but to investigate and place before the assessing officers the data on which the assessment should be based. The work of assessing the income is a *quasi*-judicial function which should be exercised only by the collectors. It would be desirable to have a set of officers for conducting this preliminary investigation.

As regards the objection that this motion was vetoed on a former occasion, I must say that other legislatures are sanctioning, in the course of the year, the sums vetoed at budget time, so that we are not unique in this respect. On the last occasion the sense of the House was against providing for all the seven Inspectors. I believe they were prepared to sanction three or four Inspectors. Mr. Krishna Aiyangar himself said that he had no objection to allow three Inspectors. Under these circumstances, I think that the House will see its way to sanction the grant.

MR. V. SUBBA AIYAR: Sir,—

PRESIDENT: You have spoken.

MR. V. SUBBA AIYAR: I have not spoken. I have spoken only about the objection.

MR. J. JOHN NIDIRY: Sir, are we entitled to speak on the merits?

PRESIDENT: You may speak if you want.

MR. T. K. VELU PILLAI: Sir, I do not propose to speak at any length in reply, as several facts and arguments have been placed before the House from this side and as they will convince any one who has no bias on a question of this important nature. I am sorry to find that there are officers who are prepared to talk airily on this difficult subject without arming themselves, with the necessary facts and figures. Formerly, the Tahsildar had much work to do. I should like to take a concrete example. Let us consider the case of the Ambalapuzha Tahsildar. Ambalapuzha has a very important temple and hitherto most of the Ambalapuzha Tahsildar's work was in relation to that temple. I also remember that in Vaikam, Ambalapuzha, Agastisvaram and other taluks, it was always only persons who had very good reputation for ability in temple management that were appointed Tahsildars. The Ambalapuzha Tahsildar has now nothing to do with the temple. If he usurps the function of temple management, my friend, the Devaswom Commissioner, will take objection to it. I am sure that the Devaswom Commissioner and other officers will not indent upon

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[Mr. K. Anantanarayana Aiyar.]

the Tahsildar's help for any piece of service as was the custom at one time with the higher officers. The Tahsildar of Ambalapuzha has thus very much less work now than he used to have. The words spoken by Mr. Hoogewerf based on the authority of Mr. Govinda Menon about the Municipality of Parur are also convincing. My friend, Mr. Govinda Menon, with his experience as the President of the Parur Municipality, has got certain facts to place before the Council. I know that the Deputy President, who unfortunately has taken a wrong—I mean a different—view on this particular matter, has also considerable experience. He is held in great esteem by the people of Alleppey, and I daresay he knows the actual conditions of the locality.

MR. V. SUBBA AIYAR: One of the proposed Inspectors is for Alleppey and not for Parur.

MR. T. K. VELU PILLAI: I thought my friend understood the import of what I said. There is nothing to prevent me from going from Alleppey to Parur. Mr. Krishna Aiyangar knows the conditions of the Alleppey Municipality very well. On the spur of the moment he can give the information we require. In Trivandrum the official President who has training as Tahsildar will be able to supply that information. If all these gentlemen will take a little trouble—I am sure they will surely take the necessary trouble—we can get the work done without any extra agency. Sir, I am not prepared to say with the Deputy President that consistency is nothing in politics. It is a great virtue sometimes. If there is proper reason, a change of view may be necessary. My friend, with his extensive reading, would remember that consistency which Emerson defines as the hobgoblin of little minds is a "foolish consistency", but, when reasons do not exist, my friend should not take shelter under the latitude allowed by philosophers. In regard to political philosophy that question does not arise. Three months ago we rejected the proposal and I think that consistency ought to be maintained in this matter because the other side has not been able to prove any necessity. The figures in reference to this particular question even for inspection are not ready. I wanted the figures not for knowing the collection alone, but for finding out whether we have the necessary data to know what the collection in 1097 was and what it is in 1098. Because this involves a very great principle, we are not to be obsessed by a feeling of profit and loss. With reference to the mobilisation that Mr. Karayalar speaks of in peace time, I must, with great respect, tell him that the business to which he is accustomed is not the business that Government are accustomed to do. I must, therefore, strongly oppose the motion.

MR. K. ANANTANARAYANA AIYAR: Sir, the figures as regards the amount of income-tax collected in the first three months of 1097 are as follows:

		Rs.
Chingam	...	247.
Kanni	...	3,380.
Tulam	...	3,415.

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MR. T. K. VELU PILLAI: The figures for 1098 may also be given just now, so that we may know them also.

MR. K. ANANTANARAYANA AIYAR: I have not got those figures. The amount collected is very small. It is about Rs. 30,000, I believe.

MR. T. K. VELU PILLAI: Is it less than the collection in 1097?

MR. K. ANANTANARAYANA AIYAR: No new assessments were made at all.

One wrong impression among the members that I find is that Tahsildars are not doing any income-tax work. As a matter of fact, in the rural areas, it is the Tahsildars that do the work of assessing, collecting information and doing everything else connected with the income-tax revenue. In Trivandrum, the Tahsildar is not invested with any jurisdiction and so too in Alleppey. The demand for the municipal town of Trivandrum is Rs. 84,914 and of Alleppey Rs. 1,01,800. I repeat that the Tahsildar of Trivandrum does no income-tax work within that town. The Tahsildar of Ambalapuzha who had till now his headquarters at Ambalapuzha was not given any jurisdiction to assess income-tax like the other Tahsildars who were empowered to tax assessees with an income of Rs. 3,000 and below, so far as regards the town of Alleppey. The Division Assistants of Trivandrum and Alleppey have been asked to do the work of the Tahsildar as well in these towns so far as income-tax is concerned. For the Division Assistants to do the whole work, unassisted and without the aid of income-tax Inspectors which they had last year, is, I say, well-nigh impossible. With regard to the training to which Mr. Velu Pillai referred I may tell him that I made a special study of income-tax work in all its details. I went to Cochin, Madras and other places, saw the Income-tax Collectors and Commissioners there, discussed several points with them, obtained information from them, and visited their offices and learnt the details of working in them.

MR. T. K. VELU PILLAI: I did not want any further explanation from him.

PRESIDENT: What he has given is by way of reply.

MR. T. K. VELU PILLAI: I did not ask him.

PRESIDENT: *You* need not ask him.

MR. K. ANANTANARAYANA AIYAR: With regard to the training of collectors, I went from Division to Division, held conferences with the Tahsildars, Division Assistants and Dewan Peishkars, and gave them the necessary instruction and the benefit of my study and knowledge of the details of work elsewhere. I think that Mr. Velu Pillai quite misunderstood me when I said that by temperament and training Tahsildars are not suited for that kind of work. I meant that kind of *inquisitorial* work. Mr. Velu Pillai as well as anybody else here knows that, I think. He has taken objection very often before me in another capacity, much more than other Vakils have done, to investigating officers taking part even in prosecuting cases. Much less can they do judicial work. Even a local inspection by a Magistrate and the impressions so gained by him disqualify him from judging a case. The

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[Mr. A. J. Van Ross.]

taxing of income is more or less judicial work. Can such inquisitorial and confidential work be done by collectors who have to tax assessees?

MR. T. K. VELU PILLAI: I beg to say a word by way of correction. I do not remember to have said so in the course of my arguments in connection with cases. This question did not then come up.

MR. K. ANANTANARAYANA AIYAR: He did several times argue before me. When a Magistrate goes and inspects a place, he is thought to be incompetent to try the case relating thereto. There are some High Court decisions to that effect. Here, it is more than a visit to the locality. The officer does inquisitorial work and work of enquiry of a confidential nature, and, after making use of the information so gained he has to come to a decision. This aspect of the question was already placed before the Council by some speakers on the last occasion. Even with regard to the number of Companies—Mr. Madhava Variar raised the question—there are now, according to the information that I have, 190 Joint Stock Companies in Travancore and 64 Companies of foreign incorporation. Some of them are, no doubt, defunct. Others are in liquidation. The accounts of all the live companies have to be inspected and most of them are in different places.

MR. G. PARAMESVARAN PILLAI: Is there no Auditor attached to the Joint Stock Registrar's office?

MR. K. ANANTANARAYANA AIYAR: Yes, but he is not connected with the Income-Tax Department.

As Mr Krishna Aiyangar has taken the correct view and put the whole question in a nutshell before the House, I do not want to occupy the time of the House further, beyond saying that my request for this small amount is with a view to enable me to carry on the work of collection vigorously and efficiently, and I hope that I shall not be placed in a position to say at the end of the year, or, if I do not continue in office till then, for another Income-tax Commissioner, my successor in office, to say that he has not been able to collect the tax for want of Income-tax Inspectors.

PRESIDENT: I shall now put the motion to the vote. The question is that a grant not exceeding Rs. 3,800 under Demand II—Income-tax—be made for the appointment of three Income-tax Inspectors on Rs. 100-5-125 and 4 peons on Rs. 9-1/6-11, for the travelling allowance and contingencies of the inspecting staff, and for the travelling allowance of the Auditor on Rs. 100-10/2-150.

The motion was carried, 21 members voting *for* and 16 *against*.

The grant was made.

Demand III—Salt.

MR. A. J. VAN ROSS: Sir, I rise to move for an additional grant of a sum not exceeding Rs. 7,300 under "III A. Salt—Salt Factories" on account of local allowance during 1098 to the Excise Inspectors and other subordinates of the Excise department employed in the Salt Factories Division.

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